

Company registration number 04923004 (England and Wales)

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

COMPANY INFORMATION

Directors	J Gordon	(Appointed 2 March 2023)
	PR Hepburn	(Appointed 2 March 2023)
	J McDonagh	(Appointed 2 March 2023)
Secretary	Resolis Limited	
Company number	04923004	
Registered office	1 Park Row Leeds United Kingdom LS1 5AB	
Auditor	Johnston Carmichael LLP Bishop's Court 29 Albyn Place Aberdeen AB10 1YL	

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Directors' responsibilities statement	3
Independent auditor's report	4 - 7
Group statement of comprehensive income	8
Group balance sheet	9
Company balance sheet	10
Group statement of changes in equity	11
Company statement of changes in equity	12
Group statement of cash flows	13
Notes to the financial statements	14 - 24

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2023

The directors present their annual report and financial statements of the Company and Group for the year ended 31 March 2023.

Principal activities

The principal activity of the Company is to act as a holding company of Sirhowy Enterprise Way Limited which has entered into a Concession Agreement for the design, financing and construction of improvements to the A4048/A472 Strategic highway network with the Client, Caerphilly County Borough Council.

Results and dividends

The results for the year are set out on page 8.

Ordinary dividends were paid amounting to £824,000 (2022: £781,000). The directors do not recommend payment of a further dividend.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

J Pritchard	(Resigned 2 March 2023)
MML Simon	(Resigned 2 March 2023)
J Gordon	(Appointed 2 March 2023)
PR Hepburn	(Appointed 2 March 2023)
J McDonagh	(Appointed 2 March 2023)

Qualifying third party indemnity provisions

The company has made qualifying third party indemnity provisions for the benefit of its directors during the year. These provisions remain in force at the reporting date.

Financial instruments

Liquidity risk

The Group adopts a prudent approach to liquidity management by maintaining sufficient cash and liquid resources to meet its obligations. Due to the nature of the project, cash flows are reasonably predictable and so this is not a major risk area for the Group.

Interest rate risk

The Group hedged its interest rate risk at the inception of the project by swapping its variable rate debt into fixed rate by the use of an interest rate swap. Interest is recognised on the accruals basis at the appropriate date

Credit risk

The Group's principal financial assets are cash, financial assets and trade and other receivables. The Company's credit risk is primarily attributable to its trade receivables which are with one counterparty, although in the opinion of the board directors this risk is limited as the receivables are with a local government authority.

Lifecycle risk

Lifecycle expenditure is the main risk to the business. The risk being that the allowance for lifecycle costs factored into the financial model is insufficient to cover future lifecycle expenditure, thus resulting in lower profitability and reduced distributions. This risk is mitigated by regular lifecycle reviews undertaken by the management services provider and a detailed lifecycle performed every five years.

Future developments

The Directors are not aware, at the date of the report, of any major changes in the Group's activities next year.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Auditor

The auditor, Johnston Carmichael LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the auditor of the company is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the auditor of the company is aware of that information.

Going concern

The Directors have reviewed the Group's forecasts and projections, considering future cash requirements and forecast receipts, which show the Group can continue to meet its debts as they fall due.

The directors have run various stress scenarios which show that the Group can continue to meet all its debt obligations (including covenant compliance and the funding of reserves) in the next 12 months and that it is appropriate to prepare the financial statements on a going concern basis.

Small companies exemption

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

PR Hepburn

Director

13 October 2023

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company, and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

Opinion

We have audited the financial statements of Sirhowy Enterprise Way (Holdings) Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the group statement of comprehensive income, the group balance sheet, the company balance sheet, the group statement of changes in equity, the company statement of changes in equity, the group statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group or parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- Adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- The parent company financial statements are not in agreement with the accounting records and returns; or
- Certain disclosures of Directors' remuneration specified by law are not made; or
- We have not received all the information and explanations we require for our audit; or
- The directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the Directors are responsible for assessing the group's and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We assessed whether the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations by considering their experience, past performance and support available.

All engagement team members were briefed on relevant identified laws and regulations and potential fraud risks at the planning stage of the audit. Engagement team members were reminded to remain alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and the parent company and the sector in which they operate, focusing on those provisions that had a direct effect on the determination of material amounts and disclosures in the financial statements. The most relevant frameworks we identified include:

- United Kingdom Generally Accepted Accounting Practice, including FRS 102;
- UK Companies Act 2006;
- UK Corporation Tax legislation; and
- VAT legislation.

We gained an understanding of how the group and parent company are complying with these laws and regulations by making enquiries of management and those charged with governance. We corroborated these enquiries through our review of relevant correspondence with regulatory bodies and board meeting minutes.

We assessed the susceptibility of the group's financial statements to material misstatement, including how fraud might occur, by meeting with management and those charged with governance to understand where it was considered there was susceptibility to fraud. This evaluation also considered how management and those charged with governance were remunerated and whether this provided an incentive for fraudulent activity. We considered the overall control environment and how management and those charged with governance oversee the implementation and operation of controls. We identified a heightened fraud risk in relation to:

- Revenue recognition; and
- Management override of controls.

In addition to the above, the following procedures were performed to provide reasonable assurance that the financial statements were free of material fraud or error:

- Reviewing minutes of meetings of those charged with governance for reference to: breaches of laws and regulation or for any indication of any potential litigation and claims; and events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud;
- Reviewing the level of and reasoning behind the group and parent company's procurement of legal and professional services
- Performing audit work procedures over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing judgements made by management in their calculation of accounting estimates for potential management bias;
- Completion of appropriate checklists and use of our experience to assess the group and parent company's compliance with the Companies Act 2006; and
- Agreement of the financial statement disclosures to supporting documentation.

Our audit procedures were designed to respond to the risk of material misstatements in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve intentional concealment, forgery, collusion, omission or misrepresentation. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it.

Use of our report

This report is made solely to the parent company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

Jenny Junnier
For and on behalf of Johnston Carmichael LLP

13 October 2023

Chartered Accountants
Statutory Auditor

Bishop's Court
29 Albyn Place
Aberdeen
AB10 1YL

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

GROUP STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £'000	2022 £'000
Turnover		1,718	1,468
Cost of sales		(1,343)	(1,171)
Gross profit		375	297
Operating profit		375	297
Interest receivable and similar income	5	1,614	1,661
Interest payable and similar expenses	6	(916)	(1,006)
Profit before taxation		1,073	952
Tax on profit		(204)	(181)
Profit for the financial year	18	869	771
Other comprehensive income			
Cash flow hedges gain arising in the year		1,300	1,530
Tax relating to other comprehensive income		(326)	(184)
Total comprehensive income for the year		1,843	2,117

Profit for the financial year is all attributable to the owners of the parent company.

Total comprehensive income for the year is all attributable to the owners of the parent company.

The notes on pages 14 to 24 form part of these financial statements.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

GROUP BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
Current assets					
Debtors falling due after more than one year	12	23,108		25,103	
Debtors falling due within one year	12	2,391		2,275	
Cash at bank and in hand		3,822		3,907	
		<u>29,321</u>		<u>31,285</u>	
Creditors: amounts falling due within one year	13	(2,354)		(2,501)	
Net current assets			26,967		28,784
Creditors: amounts falling due after more than one year	14		(26,809)		(29,645)
Net assets/(liabilities)			<u>158</u>		<u>(861)</u>
Capital and reserves					
Called up share capital	17		50		50
Hedging reserve			(350)		(1,324)
Profit and loss reserves	18		458		413
Total equity			<u>158</u>		<u>(861)</u>

The notes on pages 14 to 24 form part of these financial statements.

These financial statements have been prepared in accordance with the provisions applicable to groups and companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 13 October 2023 and are signed on its behalf by:

PR Hepburn
Director

Company registration number 04923004 (England and Wales)

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

COMPANY BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Investments	9		50		50
Current assets					
Debtors falling due after more than one year	12	145		145	
Debtors falling due within one year	12	12		243	
		<u>157</u>		<u>388</u>	
Creditors: amounts falling due within one year	13	(157)		(243)	
Net current assets			-		145
Total assets less current liabilities			50		195
Creditors: amounts falling due after more than one year	14		-		(145)
Net assets			<u>50</u>		<u>50</u>
Capital and reserves					
Called up share capital	17		50		50

The notes on pages 14 to 24 form part of these financial statements.

As permitted by s408 Companies Act 2006, the company has not presented its own profit and loss account and related notes. The company's profit for the year was £824,000 (2022: £781,000 profit).

The financial statements were approved by the board of directors and authorised for issue on 13 October 2023 and are signed on its behalf by:

PR Hepburn
Director

Company registration number 04923004 (England and Wales)

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

GROUP STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

		Share capital	Hedging reserve	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000	£'000
Balance at 1 April 2021		50	(2,670)	423	(2,197)
Year ended 31 March 2022:					
Profit for the year		-	-	771	771
Other comprehensive income:					
Cash flow hedges gains		-	1,530	-	1,530
Tax relating to other comprehensive income		-	(184)	-	(184)
Total comprehensive income		-	1,346	771	2,117
Dividends	8	-	-	(781)	(781)
Balance at 31 March 2022		50	(1,324)	413	(861)
Year ended 31 March 2023:					
Profit for the year		-	-	869	869
Other comprehensive income:					
Cash flow hedges gains		-	1,300	-	1,300
Tax relating to other comprehensive income		-	(326)	-	(326)
Total comprehensive income		-	974	869	1,843
Dividends	8	-	-	(824)	(824)
Balance at 31 March 2023		50	(350)	458	158

The notes on pages 14 to 24 form part of these financial statements.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

		Share capital	Profit and loss reserves	Total
	Notes	£'000	£'000	£'000
Balance at 1 April 2021		50	-	50
Year ended 31 March 2022:				
Profit and total comprehensive income for the year		-	781	781
Dividends	8	-	(781)	(781)
Balance at 31 March 2022		50	-	50
Year ended 31 March 2023:				
Profit and total comprehensive income		-	824	824
Dividends	8	-	(824)	(824)
Balance at 31 March 2023		50	-	50

The notes on pages 14 to 24 form part of these financial statements.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

GROUP STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2023

		2023		2022	
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities					
Cash generated from operations	21		2,086		1,512
Income taxes paid			(215)		(379)
Net cash inflow from operating activities			1,871		1,133
Investing activities					
Interest received		1,614		1,661	
Net cash generated from investing activities			1,614		1,661
Financing activities					
Repayment of borrowings		(1,817)		(1,817)	
Interest paid		(929)		(1,019)	
Dividends paid to equity shareholders		(824)		(781)	
Net cash used in financing activities			(3,570)		(3,617)
Net decrease in cash and cash equivalents			(85)		(823)
Cash and cash equivalents at beginning of year			3,907		4,730
Cash and cash equivalents at end of year			3,822		3,907

The notes on pages 14 to 24 form part of these financial statements.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Sirhowy Enterprise Way (Holdings) Limited ("the company") is a private limited company domiciled and incorporated in England and Wales. The registered office is 1 Park Row, Leeds, United Kingdom, LS1 5AB.

The group consists of Sirhowy Enterprise Way (Holdings) Limited and all of its subsidiaries.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertaking. As a consolidated statement of comprehensive income is published, a separate statement of comprehensive income for the parent company is omitted from the Group financial statements by virtue of section 408 of the Companies Act 2006.

1.3 Going concern

Sirhowy Enterprise Way (Holdings) Limited (the 'Company') exists to hold investments in its subsidiary that provides services under certain private finance agreements. The subsidiary is set up as a Special Purpose Company under non-recourse arrangements and therefore the Company has limited its exposure to the liabilities. In the event of default of the subsidiary, the exposure is limited to the extent of the investment it has made.

The Directors have reviewed the Group's forecasts and projections, considering future cash requirements and forecast receipts, which show the Group can continue to meet its debts as they fall due.

They have run various stress scenarios which show that the Group can continue to meet all its debt obligations (including covenant compliance and the funding of reserves) in the next 12 months and that it is appropriate to prepare the financial statements on a going concern basis.

The directors, therefore, at the time of approving the financial statements, have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.4 Turnover

The Group has taken advantage of exemptions made available under section 35 10 (i) of FRS 102, and as such there has been no substantial change to the treatment of the financial asset receivable due to the adoption of the standard.

Under the terms of the contract, substantially all the risks and rewards of ownership of the property remain with the Caerphilly County Borough Council.

During the period of construction, costs incurred as a direct consequence of financing, designing and constructing the roads, including finance costs, are capitalised and shown as work in progress. On completion of the construction, credit is taken for the deemed sale, which is recorded within turnover. The construction expenditure and associated costs are reallocated to cost of sales. Amounts receivable are classified as a financial asset receivable (PFI debtor).

Revenues received from the customer are apportioned between:

- capital repayments;
- finance income; and
- operating revenue.

Service concessions

The Group has been established to provide services under certain private finance agreements with Caerphilly County Borough Council. Under the terms of these agreements, the Council (as grantor) controls the services to be provided by the Group over the contract term. Based on the contractual arrangements the Group has classified the project as a service concession arrangement, and has accounted for the principal asset, of, and income streams from, the project in accordance with FRS 102, Section 34.12 Service Concession Arrangements.

1.5 Fixed asset investments

Investments in subsidiary undertakings are held at the cost of the shares and the face value of the loan less any provision for impairment in value.

1.6 Cash and cash equivalents

Cash investments are stated at cost excluding any accrued interest and with no provision for impairment in value.

The Group is obligated to keep separate cash reserves in respect of future major maintenance costs and debt service commitments. These restricted cash balances amount to £2,126,000 at the year end (2022: £2,402,000).

1.7 Financial instruments

The Group has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Loans and receivables

Trade debtors, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate unless they are included in a hedging arrangement.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when the group's contractual obligations expire or are discharged or cancelled.

1.8 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.9 Derivatives

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability, or a highly probable forecast transaction, the effective part of any gain or loss on the fair value of the derivative financial instrument is recognised directly in the statement of comprehensive income as other comprehensive income or expense. Any ineffective portion of the hedge is recognised immediately in profit or loss.

Where hedge accounting recognises a liability then an associated deferred tax asset is also recognised.

Hedge accounting

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit and loss in the periods in which the hedged item affects profit or loss, or when the hedging relationship ends.

Hedge accounting is discontinued when the entity revokes the hedging relationship, the hedging instrument expires or is sold, terminated, exercised or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at the time is reclassified to profit or loss when the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur any gain or loss that was recognised in other comprehensive income is reclassified immediately to profit or loss.

1.10 Taxation

Current tax

Current tax, including UK corporation tax, is provided at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is provided in full on timing differences which result in an obligation at the statement of financial position date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items or income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

Derivative financial instruments are held at fair value and the applicability of hedge accounting are detailed below.

Derivative financial instruments

The Group holds derivative financial instruments which have the effect of fixing the interest rate payable on bank borrowings. Amounts payable or receivable in respect of interest rate derivatives are recognised as adjustments to interest over the period of the contract. See relevant note for further information.

Hedge accounting

The directors consider the Group to have met the criteria for cash flow hedge accounting; the Group has therefore recognised fair value movements on derivatives in effective hedging relationships through other comprehensive income as well as deferred taxation thereon.

The Group's borrowings are linked to SONIA and the Group has entered into interest rate swaps to restrict its exposure to future interest rate fluctuations.

The fair value of the swaps recorded in the accounts are based on Market to Market estimates provided by the Bank.

Accounting for the service concession contract and finance asset require an estimation of service margins, finance asset's interest rate and associated amortisation profile which is based on forecast results of the PFI contract.

3 Auditor's remuneration

	2023	2022
	£'000	£'000
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	17	14
	==	==
For other services		
Taxation compliance services	5	5
	==	==

4 Employees

The Group and the Company had no employees during the year (2022: nil).

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

5 Interest receivable and similar income

	2023 £'000	2022 £'000
Interest receivable and similar income includes the following:		
Bank interest	47	-
Interest receivable on financial asset	1,567	1,661
	<u>1,614</u>	<u>1,661</u>

6 Interest payable and similar expenses

	2023 £'000	2022 £'000
Interest payable and similar expenses includes the following:		
Interest on bank overdrafts and loans	884	949
Interest payable to group undertakings	32	56
	<u>916</u>	<u>1,005</u>

7 Individual statement of comprehensive income

As permitted by Section 408 of the Companies Act 2006, the Statement of Comprehensive Income of the parent company is not presented as part of these financial statements.

8 Dividends

	2023 £'000	2022 £'000
Recognised as distributions to equity holders:		
Final paid	824	781
	<u>824</u>	<u>781</u>

9 Fixed asset investments

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>

Movements in fixed asset investments

Company	Shares in subsidiaries £'000
Cost or valuation	
At 1 April 2022 and 31 March 2023	<u>50</u>
Carrying amount	
At 31 March 2023	<u>50</u>
At 31 March 2022	<u>50</u>

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

10 Subsidiaries

Details of the company's subsidiaries at 31 March 2023 are as follows:

Name of undertaking	Registered office	Class of shares held	% Held Direct
Sirhowy Enterprise Way Limited	1 Park Row, Leeds, United Kingdom, LS1 5AB	Ordinary shares	100.00

11 Financial instruments

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Carrying amount of financial liabilities				
Measured at fair value through profit or loss				
- Other financial liabilities	467	1,767	-	-

The swaps have a fixed interest rate of 5.21% and expire in 2030. The interest rate swaps settle on a semi-annual basis. The floating rate on interest rate swaps is based on daily compounding SONIA. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts are designated as hedged of variable interest rate risk of the Group's floating rate borrowings. The hedged cash flows are expected to occur and to affect profit or loss over the period to maturity of the interest rate swaps.

The fair value of the derivative financial instruments above comprise the fair value of the interest rate swap designated in an effective hedging relationship. The change in fair value of the interest rate swap that was recognised in other comprehensive income in the period was a gain of £1,300,000 (2022: gain of £1,530,000).

12 Debtors

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Amounts falling due within one year:				
Trade debtors	439	411	-	-
Other debtors	1,952	1,864	12	243
	<u>2,391</u>	<u>2,275</u>	<u>12</u>	<u>243</u>
Amounts falling due after more than one year:				
Other debtors	22,991	24,661	145	145
Deferred tax asset	117	442	-	-
	<u>23,108</u>	<u>25,103</u>	<u>145</u>	<u>145</u>
Total debtors	<u>25,499</u>	<u>27,378</u>	<u>157</u>	<u>388</u>

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Creditors: amounts falling due within one year

	Group	2022	Company	2022
	2023	£'000	2023	£'000
	£'000	£'000	£'000	£'000
Bank loans	1,681	1,600	-	-
Amounts owed to group undertakings	157	242	157	243
Trade creditors	24	105	-	-
Corporation tax payable	24	34	-	-
Other taxation and social security	166	174	-	-
Unitary charge control account	16	91	-	-
Accruals and deferred income	211	49	-	-
	<u>2,354</u>	<u>2,501</u>	<u>157</u>	<u>243</u>

14 Creditors: amounts falling due after more than one year

	Group	2022	Company	2022
Notes	2023	£'000	2023	£'000
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	12,161	13,842	-	-
Amounts owed to group undertakings	-	145	-	145
Derivative financial instruments	467	1,767	-	-
Unitary charge control account	14,181	13,891	-	-
	<u>26,809</u>	<u>29,645</u>	<u>-</u>	<u>145</u>

Loans and overdrafts

	Group	2022	Company	2022
	2023	£'000	2023	£'000
	£'000	£'000	£'000	£'000
Bank loans	13,842	15,442	-	-
Loans from group undertakings and related parties	157	532	145	388
Other loans	-	(145)	-	-
	<u>13,999</u>	<u>15,829</u>	<u>145</u>	<u>388</u>
Payable within one year	1,838	1,842	145	243
Payable after one year	12,161	13,987	-	145

The loans are secured by a fixed and floating charge over the assets of the Group and a charge over the shares of the Group.

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

Loans and overdrafts

(Continued)

Bank Loans

The Group has a £40,200,000 facility provided by a syndicate of banks in order to finance the construction of the project. This loan is repayable in instalments based on an agreed percentage amount of the total facility per annum from 2007 to 2031.

The loan is secured by a charge over the shares of the Group.

Interest on the facility was charged at rates linked to SONIA. The Group has entered into a fixed interest swap to mitigate its interest exposure. The fixed rate of the facility is therefore 5.21%, and accretes and amortises in line with the expected profile of the drawdowns and repayments.

Subordinated Debt

At the year end, the Group owed £145,000 (2022: £362,000) of subordinated debt principal and £12,000 (2022: £25,000) of subordinated debt interest to the immediate parent company, Craighouse UK 3 Limited.

The subordinated debt is unsecured and is subject to interest at 12% bi-annually. Principal repayments are payable biannually until 2023.

16 Deferred income

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
Other deferred income	91	297	-	-
	<u>91</u>	<u>297</u>	<u>-</u>	<u>-</u>

17 Share capital

Group and company	2023	2022	2023	2022
Ordinary share capital	Number	Number	£'000	£'000
Issued and fully paid				
of 0p each	-	-	50	50
	<u>-</u>	<u>-</u>	<u>50</u>	<u>50</u>

18 Profit and loss reserves

	Group 2023 £'000	2022 £'000	Company 2023 £'000	2022 £'000
At the beginning of the year	413	423	-	-
Profit for the year	869	771	824	781
Dividends	(824)	(781)	(824)	(781)
	<u>458</u>	<u>413</u>	<u>-</u>	<u>-</u>
At the end of the year	458	413	-	-

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

19 Related party transactions

No guarantees have been given or received.

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the Group.

Transactions between Group entities which have been eliminated on consolidation are not disclosed within the financial statements.

As a wholly owned subsidiary of Jura Holdings Limited, the Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' Section 33, not to disclose related party transactions with other undertakings in the Jura Holdings group. A copy of the financial statements of Jura Holdings Limited can be obtained from its registered office at 1st Floor, South Esplanade, St Peter Port, Guernsey, GY1 1AJ.

20 Controlling party

The Company's ultimate parent is Jura Holdings Limited which is owned by a consortium jointly led by funds managed by Dalmore Capital Limited and Equitix Investment Management Limited. The directors regard Jura Holdings Limited as the ultimate parent of the Company. The directors consider that there is no ultimate controlling entity.

The ultimate parent companies of the Company are Coral Project Investments LP and Dalmore Capital Fund LP, both operating in the United Kingdom and acting by their manager Dalmore Capital Limited, who jointly control Environments for Learning Limited. In the opinion of the directors, these two entities ultimately control the Company.

21 Cash generated from group operations

	2023 £'000	2022 £'000
Profit for the year after tax	869	771
Adjustments for:		
Taxation charged	204	181
Finance costs	916	1,005
Investment income	(1,614)	(1,661)
Movements in working capital:		
Decrease in debtors	1,554	1,466
Increase/(decrease) in creditors	157	(250)
Cash generated from operations	2,086	1,512

SIRHOWY ENTERPRISE WAY (HOLDINGS) LIMITED

NOTES TO THE GROUP FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

22 Analysis of changes in net debt - group

	1 April 2022	Cash flows	31 March 2023
	£'000	£'000	£'000
Cash at bank and in hand	3,907	(85)	3,822
Borrowings excluding overdrafts	(15,829)	1,830	(13,999)
	<u>(11,922)</u>	<u>1,745</u>	<u>(10,177)</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.